



JACKSONVILLE CITY COUNCIL

**TRUE COMMISSION
PERFORMANCE COMMITTEE MEETING MINUTES
January 4, 2013
3:00p.m.**

**City Council Conference Room B
Suite 425, City Hall
117 W. Duval Street**

Attendance: Committee Members Ted Wendler (Chair), Joe Andrews, Tom Martin, Greg Radlinski, Danny Becton, Diane Brown, Marcella Lowe and Patti Anania
Excused: Daniel Blanchard

Also: Jeff Clements – Council Research Division

The meeting was called to order at 3:02 p.m. by Chairman Wendler who presented a revised version of his pension individual benefit calculation spreadsheet. Mr. Wendler indicated that he is still unable to obtain copies of the audited financial reports of the Police and Fire Pension Fund for a number of years, either from the pension fund administration or from the City Treasurer. He noted that the PFPF's assets currently stand about where the fund was in 2007, so 5 years have passed with no new growth, which makes it even more difficult to ever obtain the assumed 7.75% rate of return over the long term.

Mr. Wendler has modified the spreadsheet to add a new column showing the amount of money the hypothetical employee in the illustration would have to have invested in an IRA to provide the equivalent of the defined benefit pension through the employee's lifetime, assuming an annual rate of return of 7.75% on the IRA investments. This provides another easily understandable point of comparison between the DB pension and a defined contribution (DC) savings plan.

Mr. Wendler received just one acknowledgement of his distribution of the spreadsheet to all 19 City Council members from Council Member Gulliford. The committee discussed the fact that merely sending the model to the council members is insufficient to ensure that any of them try it and understand its potential value. Face-to-face contact and personal demonstrations of the spreadsheet would be the best course of action, if possible. Commissioner Radlinski recommended that the TRUE Commission experiment with the model, change all of the inputs in various ways, and then determine the features that seem the most reasonable and have the most positive effect on preserving benefits while reducing costs to the City and make a package of recommendations to the City Council and Mayor for their consideration.

The committee discussed the PFPF's investment portfolio and the recent proposal to ask the Florida Legislature to amend the state statutes to permit a wider range of somewhat more risky investment options with higher potential for better returns. The group also discussed whether actively managed funds produce any better returns than market index funds in return for their higher costs and greater risks.

Chairman Wendler proposed that the City adopt a hybrid DB/DC system in which the defined benefit pension would provide City employees with the equivalent dependability of Social Security (in which

City employees do not participate), combined with a defined contribution personal savings plan which places the risk of investment returns on the employee, not on the taxpayers.

Mr. Wendler will circulate the model to all TRUE Commissioners before the next meeting for them to experiment and try different reform possibilities. The committee agreed to meet next Friday in conjunction with the Legislative Tracking Committee meeting on Friday, January 11th at 12 noon. The committee hopes to arrive at some concrete proposals for the City Council and Mayor at its February meeting.

There being no further business, the meeting was adjourned at 3:59 p.m.

Jeff Clements, Chief
Council Research Division
630-1405

Posted 1.10.13
5:00 p.m.